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written**Exh 5*AKW_{LP}*INTERNAL MEMORANDUM*MEMORANDUM

TO: AKW STARTUP HOURLY EMPLOYEES

FROM: PAT WOLFE *Pat Wolfe*

DATE: MAY 9, 1997

RE: AKW Medical/Life Insurance Options — IMPORTANT Information

As you know, AKW L.P. ("AKW") makes medical and life insurance coverage available for you and your dependents. This coverage is provided as soon as you become an employee of AKW, subject to required contributions and plan provisions. However, AKW permits employees to "opt down" (cover themselves only while covering dependents under insurance provided by companies other than AKW or Kaiser Aluminum). Also, if you work for AKW and become a Kaiser retiree by September 15, 1997, you can make a one-time election to "opt out" of AKW life and medical insurance in favor of Kaiser insurance for yourself and your dependents. The purpose of this memorandum is to explain these "opt down" and Kaiser retiree "opt out" policies. Election forms are attached to this memo.

A. General Policy — Opting Down But No Opting Out

As a general rule (excluding situations addressed in Part B), all employees must have Joint Venture group insurance coverage on themselves. If your dependents have insurance available from a source other than AKW or Kaiser Aluminum, and if you can verify this coverage to us, you may opt down to single coverage.

Once a decision is made to opt down, it remains in effect for the calendar year unless, for example, your spouse loses their coverage. If that occurs, Employee Relations should be notified at once and AKW will immediately enroll the dependents.

B. Kaiser Retiree Medical/Life Insurance and One-Time AKW "Opting Out" Election

If you are an eligible AKW startup (or substitute startup) employee who retires by September 15, 1997 under the Kaiser hourly pension plan, the following provisions govern your health and life insurance options for yourself and your dependents:

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(1) Opting Out of AKW Insurance in Favor of Kaiser Retiree Insurance. If you satisfy the above requirements, you will be permitted to "opt out" of AKW medical/life insurance by making an irrevocable, one-time voluntary election at the time you retire from Kaiser on or before September 15, 1997. If you exercise this option, you will be electing Kaiser retiree medical and life insurance coverage for yourself and any dependents instead of any AKW medical and life insurance coverage. *You must understand this option will be permanent and irrevocable. If you elect Kaiser retiree medical and life insurance coverage, you and your dependents will not be covered at any future time by any AKW medical and life insurance.*

(2) Electing AKW Insurance. If your irrevocable, one-time voluntary election is to elect AKW medical and life insurance coverage for yourself and your dependents, the treatment of your medical and life insurance will depend on the following factors:

- 85 Points or Above. If you satisfy all of the requirements for contribution-free Kaiser retiree medical insurance coverage upon retirement by September 15, 1997 (i.e., you had 85 points), you and your dependents will participate in AKW's medical and life insurance plan while working at AKW. However, when you leave or retire from AKW, Kaiser rather than AKW will be responsible for providing any retiree medical and life insurance.
- Less Than 85 Points. Where you have not satisfied all of the requirements for contribution-free Kaiser retiree medical insurance coverage upon retirement by September 15, 1997 (i.e., you had less than 85 points), you and your dependents will participate in AKW's medical and life insurance plan while working at AKW and following your departure or retirement from AKW.
- Opting Down by Kaiser Retirees Who Elect AKW Insurance. If you elect AKW coverage you will not have the ability to "opt down" to single coverage based on any potential availability of dependent coverage under a Kaiser medical insurance plan. However, while covered under AKW medical insurance, you may "opt down" to single coverage for yourself pursuant to Part A above provided that you can verify coverage for dependents from a source other than Kaiser.

IMPORTANT NOTE: Any election that you make *will remain permanent and irrevocable even if the benefit plans change or if different circumstances at some point result in higher or lower coverage.* For example, under the present Kaiser retiree life insurance plan, the life insurance benefit at age 62 drops to \$4,500. Employee contribution rates also may vary under the terms of the various plans. *When you decide to make any election, you are responsible for understanding the relevant plans and the permanent irrevocable nature of your election notwithstanding potential future changes or developments.*

Appropriate election forms are attached to this memo.

AKW L.P.
ONE-TIME IRREVOCABLE ELECTION
VOLUNTARILY MADE BY KAISER RETIREE/AKW STARTUP EMPLOYEES

I, _____, an AKW startup employee, am eligible for retirement under the hourly pension plan maintained by Kaiser Aluminum and Chemical Corporation, and I am making this election at the time of my Kaiser retirement on or before September 15, 1997. In connection with my Kaiser retirement and my employment at AKW, I hereby exercise a one-time irrevocable election concerning medical and life insurance coverage for my dependents and myself as follows:

(NOTE: select ONE of the following options using an "X" AND your initials)

- ____ (1) I Opt Out of AKW Insurance in Favor of Kaiser Retiree Insurance. I am electing Kaiser retiree medical and life insurance coverage for myself and my dependents instead of any AKW medical and life insurance coverage. *I understand this is a one-time election that is permanent and irrevocable. I understand that my dependents and I will NOT be covered at any future time by any AKW medical and life insurance.*
- ____ (2) I Elect AKW Insurance. I am electing AKW medical and life insurance coverage for myself and my dependents, and I understand that my medical and life insurance will be handled in the following way:
- 85 Points or Above. If I satisfy all of the requirements for contribution-free Kaiser retiree medical insurance coverage upon retirement by September 15, 1997 (i.e., I had 85 points), my dependents and I will participate in AKW's medical/life insurance plan while working at AKW. However, when I leave or retire from AKW, then Kaiser rather than AKW will be responsible for providing any retiree medical/life insurance.
 - Less Than 85 Points. If I have not satisfied all of the requirements for contribution-free Kaiser retiree medical insurance coverage upon retirement by September 15, 1997 (i.e., I had less than 85 points), my dependents and I will participate in AKW's medical/life insurance plan while working at AKW and following my departure or retirement from AKW.
 - Opting Down for Dependents Based on Non-Kaiser Insurance. If I elect AKW coverage I understand that I may still "opt down" to single coverage for myself consistent with AKW's normal "opting down" policy provided that I can verify coverage for dependents from a source other than Kaiser Aluminum & Chemical Corp.

ACKNOWLEDGMENT: I understand and acknowledge that the above election is being made on a one-time basis and *will remain permanent and irrevocable even if the benefit plans change or if different circumstances at some point result in higher or lower coverage. I understand that I am responsible for understanding the relevant plans and the permanent irrevocable nature of my election notwithstanding potential future changes or developments.*

Date Signed

Print Name

Signature

One-time Irrevocable Election Voluntarily Made by Kaiser Retiree/AKW Startup Employees
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(NOTE: This Page is For AKW Use only)

Employee Name

Date Received

AKW Representative